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Voluntary - Public

Date: 1/28/2010

GAIN Report Number: E50008

EU-27

Post: Brussels USEU

EU Export Quota increased to 1 850 000 metric tons of refined sugar

Report Categories:

Sugar

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Report Highlights:

EU export quota of refined sugar for MY 2009/10 was increased by 500,000 MT on January 28, 2010 to a total of 1.85 million MT. While EU sugar producers had been requesting the increase in the export quota since November 2009 following record high sugar yields, the European Commission (EC) was reluctant to approve the increase because it is in excess of its WTO sugar export ceiling. The EC made the decision only after consultation with its legal services about the WTO compatibility of these exports, which will occur at world market prices that are above the EU subsidized price of €404/ MT.

General Information:

On January 28, 2010, the EU's DGAgri approved a measure that increases EU exports of refined sugar by 500,000 MT. This comes on top of the 1.35 million ceiling that the European Commission (EC)

announced in October 2009. Sugar exports under this one-off export program should occur before the end of July 2010, while EU sugar exports for marketing year 2010-2011 will fall back to the 650,000 MT level fixed in the 2005 sugar reform.

While the EU sugar industry had been calling for this measure since November 2009, the EC has been reluctant in allowing the increase, because it exceeds the EU limit on subsidized exports under the Uruguay Round Agreement on Agriculture, which is 1,374,400 MT. However, limited supplies on the world sugar market have driven the world sugar price to an all-time record well above the EU guaranteed and subsidized price of €404/MT for refined sugar. Excess EU sugar production in 2009 is expected to amount to between 0.5 and 1 million MT, because of record high sugar yields in most of the EU. Storage of this excess sugar through 2010 would have been costly for sugar farmers, as well as upfront lowering their 2010 sugar production quota.

Mrs. Fischer-Boel, who is the outgoing Commissioner of Agriculture, agreed to allow these over-quota sugar exports after consulting EU legal services about the WTO compatibility of above-subsidized price sugar exports.